



STATUS OVERVIEW & UPDATE

Presented to the Joint Administration and Regulation Appropriations Subcommittee

Donna M. Mueller, CEO

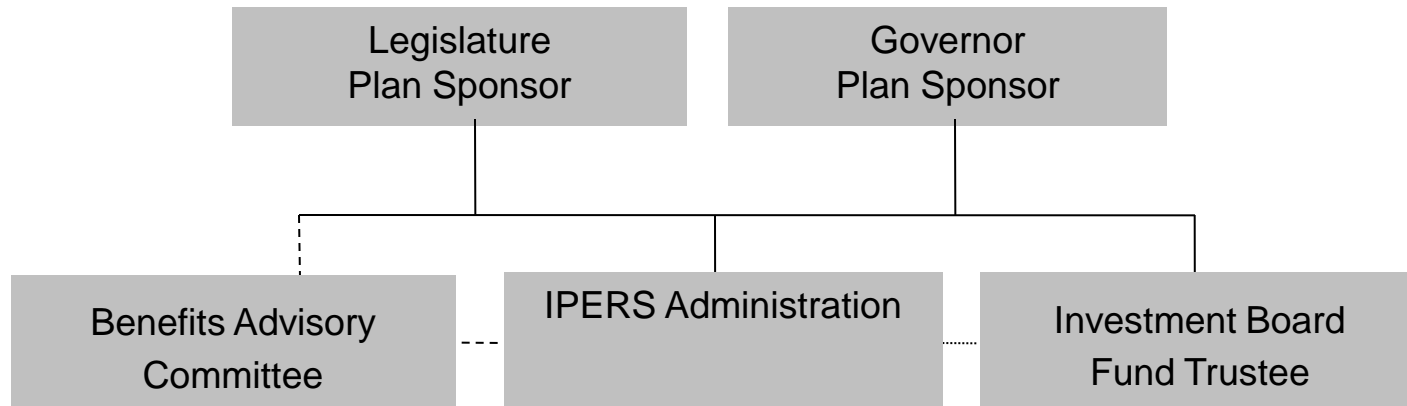
January 20, 2011

Our Mission



*To provide a cost-efficient
statewide retirement plan that helps
employers recruit and retain employees in
public service and allows
members to care for themselves
in retirement.*

Governance



What is the role of the Plan Sponsor?

Creates plan

Determines participation

Establishes funding

Determines benefits

Monitors performance against plan goals

Core Defined Benefit Plan

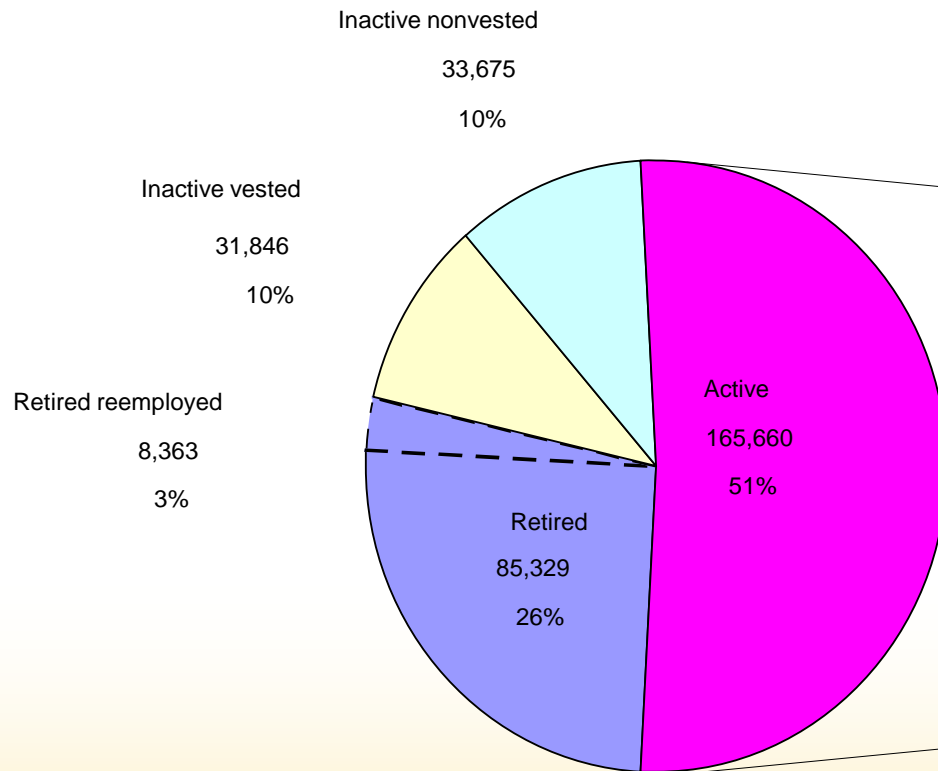
*IPERS is
designed to work
with
Social Security
and personal
savings.*



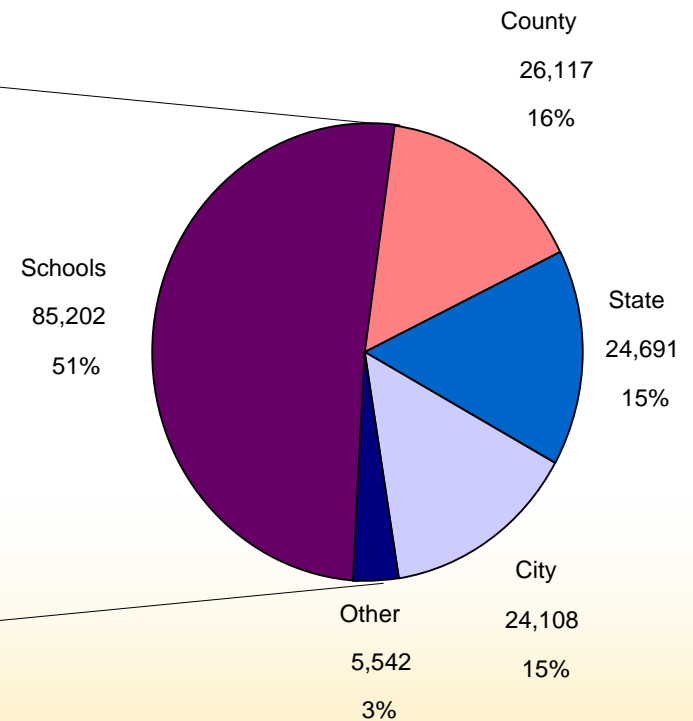
- Benefits based on formula
- Multiplier (based on years of service) X Average of 3 years' highest wages
- Helps retain employees
- Maximum possible wage replacement: up to 65% or 72%
- Average benefit replaces about 44%
- Disability and death benefits
- Lifetime annuity benefit

Large Membership Pool

Membership Status



Active Members Grouped by Major Employers



As of June 30, 2010

Prefund – Not Pay-as-you-go

Prefund
benefits

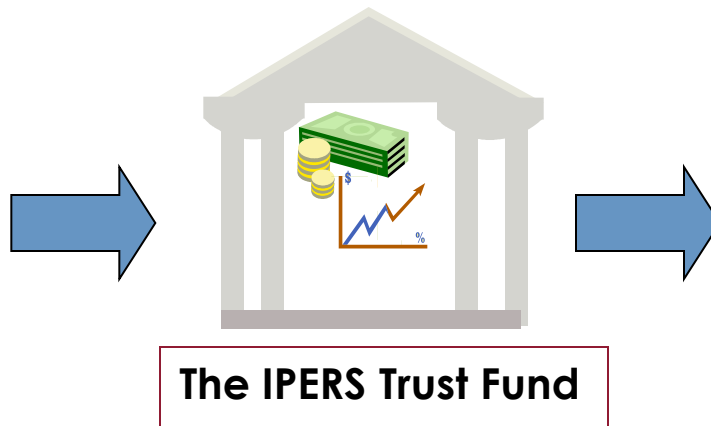


Current
employees
contribute
for their own
future
retirements



How Does it Work?

**Contributions from
Active Members
and Employers are
paid in.**



**Lifetime Retirement
Benefits,
Disability Benefits,
Death Benefits and
Refunds are
paid out.**

**The IPERS Trust Fund must be used for the
exclusive benefit of members and their beneficiaries.**

Benefits Paid from Trust Fund

For the period ended June 30, 2010

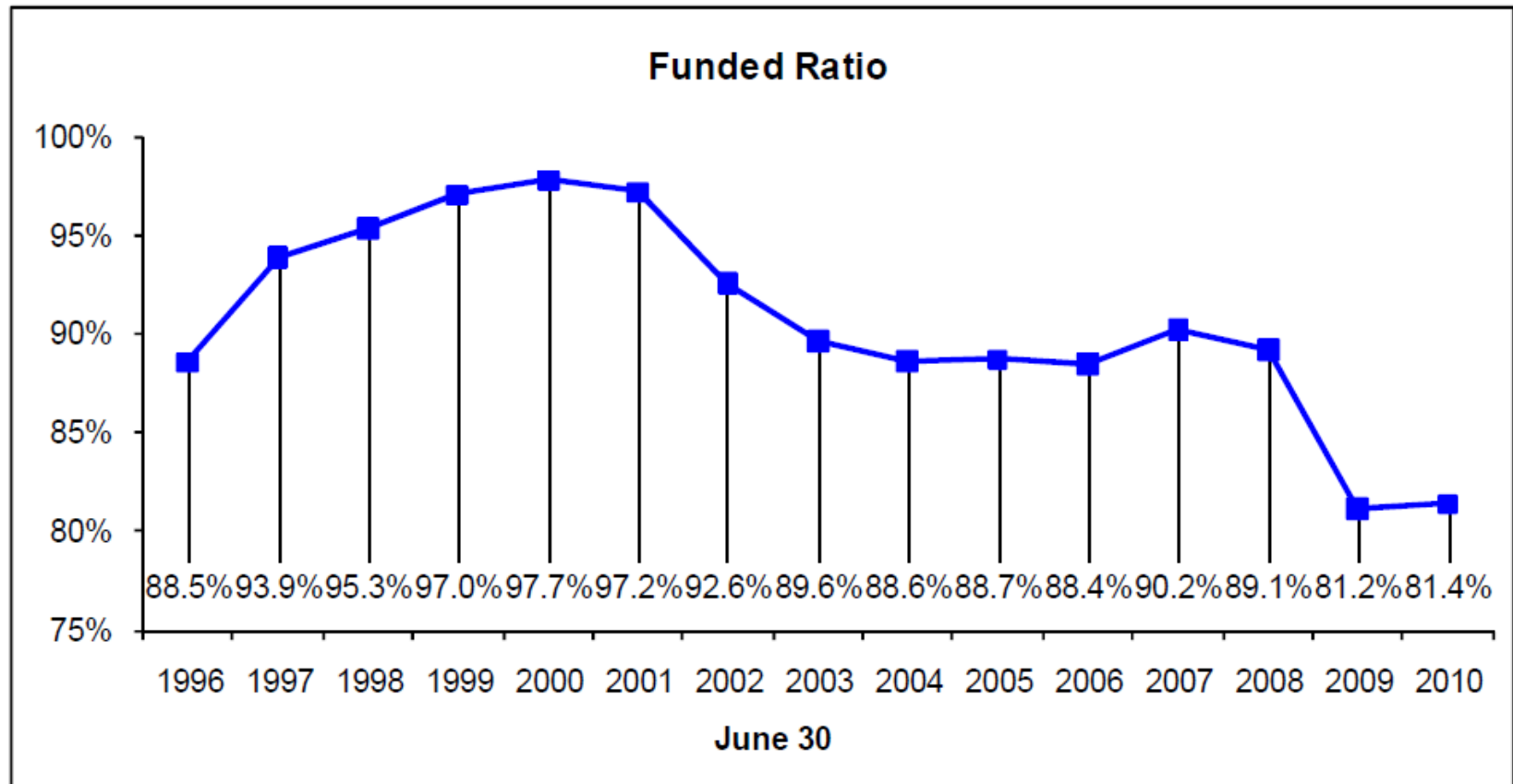
In Iowa	\$1,129,876,718
Outside Iowa (U.S.)	\$ 148,444,926
Outside U.S.	\$ <u>234,200</u>
Total	\$1,278,555,844

Key Measurements of Funding

Actuarial Funding Equation:

$$\begin{array}{ccc} \text{Contributions + Investments} & = & \text{Benefits + Expenses} \\ \text{(Actuarial Assets)} & & \text{(Actuarial Liabilities)} \end{array}$$

Healthy Funded Ratio



Key Measurements of Funding

Funding Measures from the Actuarial Valuation

(\$Millions)	Regular Membership	Special Service 1	Special Service 2	Total*
Actuarial Liability	\$25,081	\$448	\$940	\$26,468
Actuarial Value of Assets	20,261	389	888	21,537
Unfunded Actuarial Liability (UAL)	4,820	59	52	4,931
Funded Ratio	80.8%	86.8%	94.4%	81.4%

*Totals may not add due to rounding.

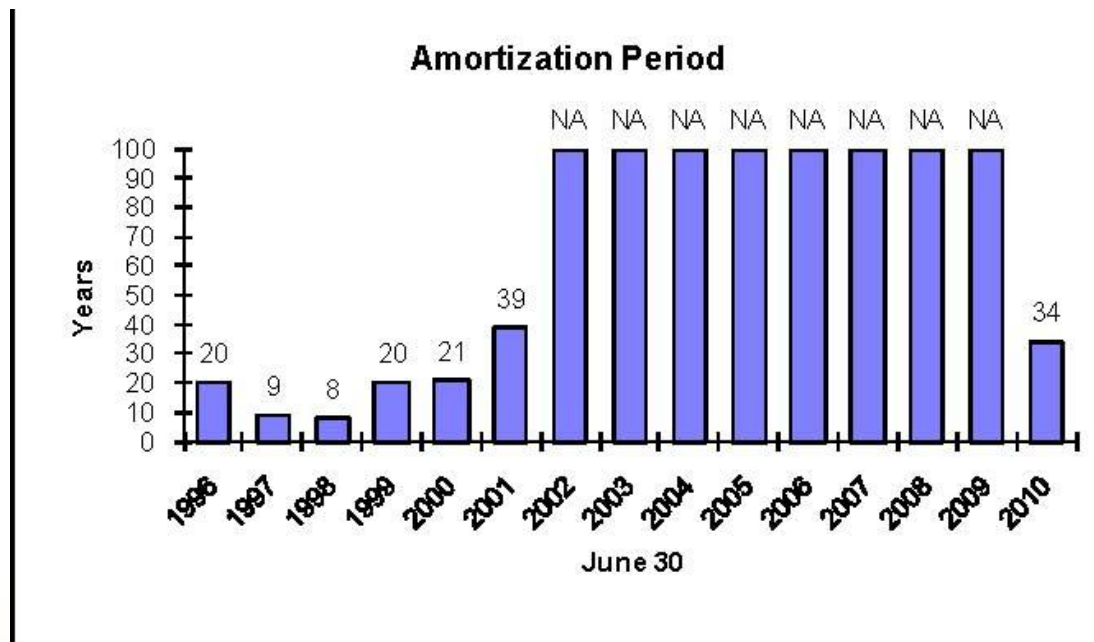
Period ended June 30, 2010

Funded Ratios By Year



Membership Group	FY2008	FY2009	FY2010
Regular	88.4%	80.5%	80.8%
Special Service 1	101.6%	91%	86.8%
Special Service 2	105.2 %	96%	94.4%

IPERS' UAL is Amortized at 34 Years



Based on the statutory contribution rate that was far below the actuarially required rate, the period to amortize the UAL was infinite in the 2002 to 2009 valuations. Due to the increase in the contribution rate to 13.45% in FY2012, and the 2010 legislated benefit cuts, more funds are available to finance the UAL and the years to amortize dropped to 34.

Investment Performance Summary

For periods ended June 30 and first quarter FY2011

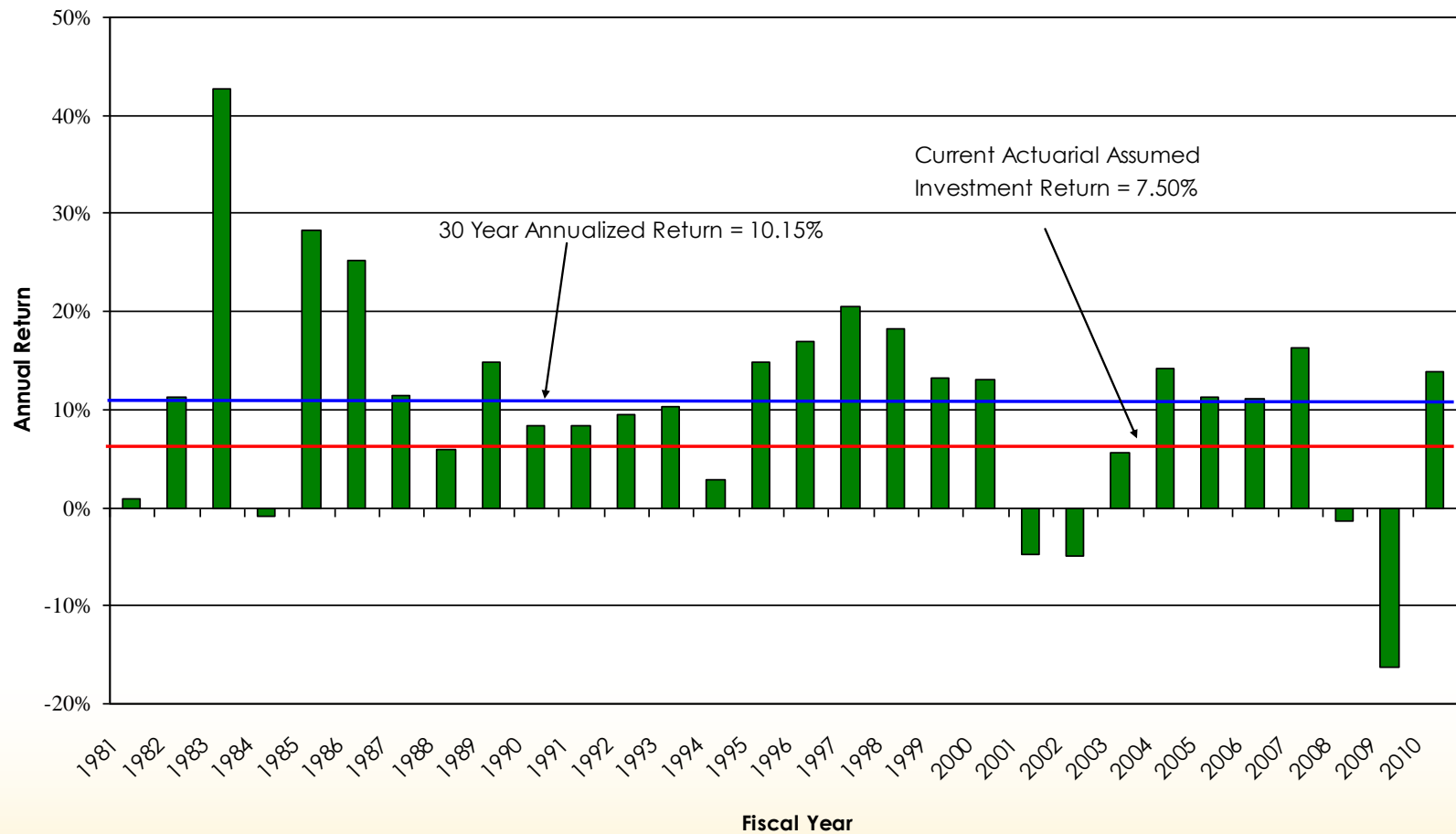
	2011 (1 st Quarter)	2010	2009	2008	5 Year	10 Year	20 Year
IPERS Portfolio*	7.42%	13.82%	-16.27%	-1.33%	3.97%	3.98%	8.22%
Policy Benchmark†	6.36%	16.98%	-14.50%	-3.03%	4.22%	4.06%	7.67%
Large Public Fund Median‡	8.69%	13.09%	-18.76%	-4.36%	3.17%	3.38%	8.01%

*Net of fees.

†A benchmark composed of market indices with weightings reflective of IPERS' asset allocation targets.

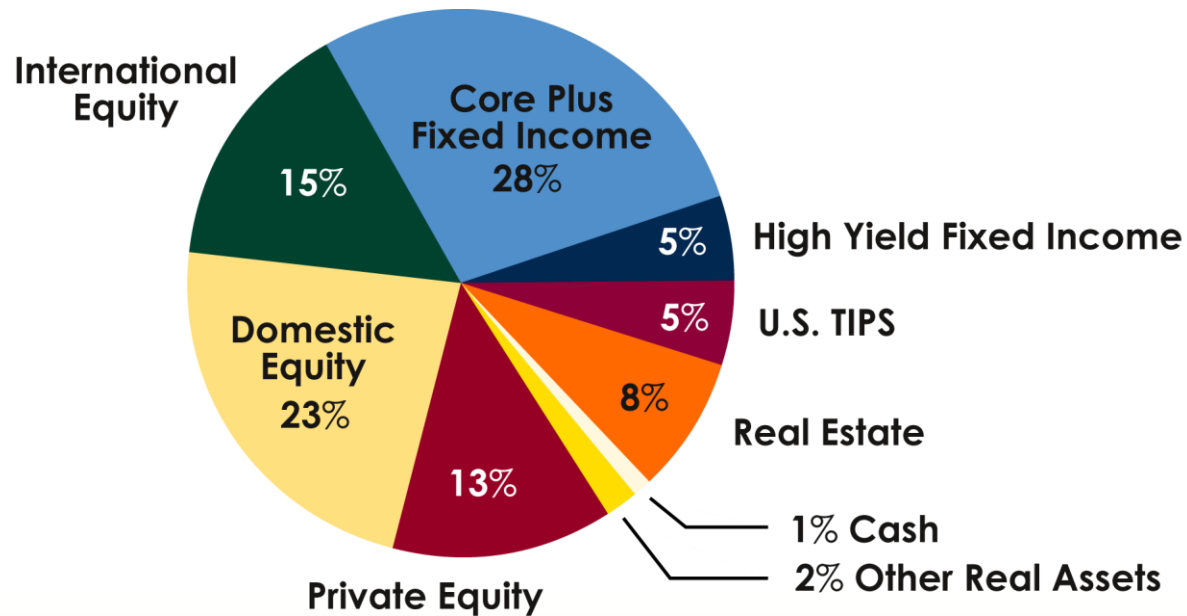
‡ Trust Universe Comparison Service (TUCS) Public Funds with Total Market Value Greater than \$1 billion.

Investment Returns 1981–2010



Periods ended June 30, 2010

Diversified Portfolio



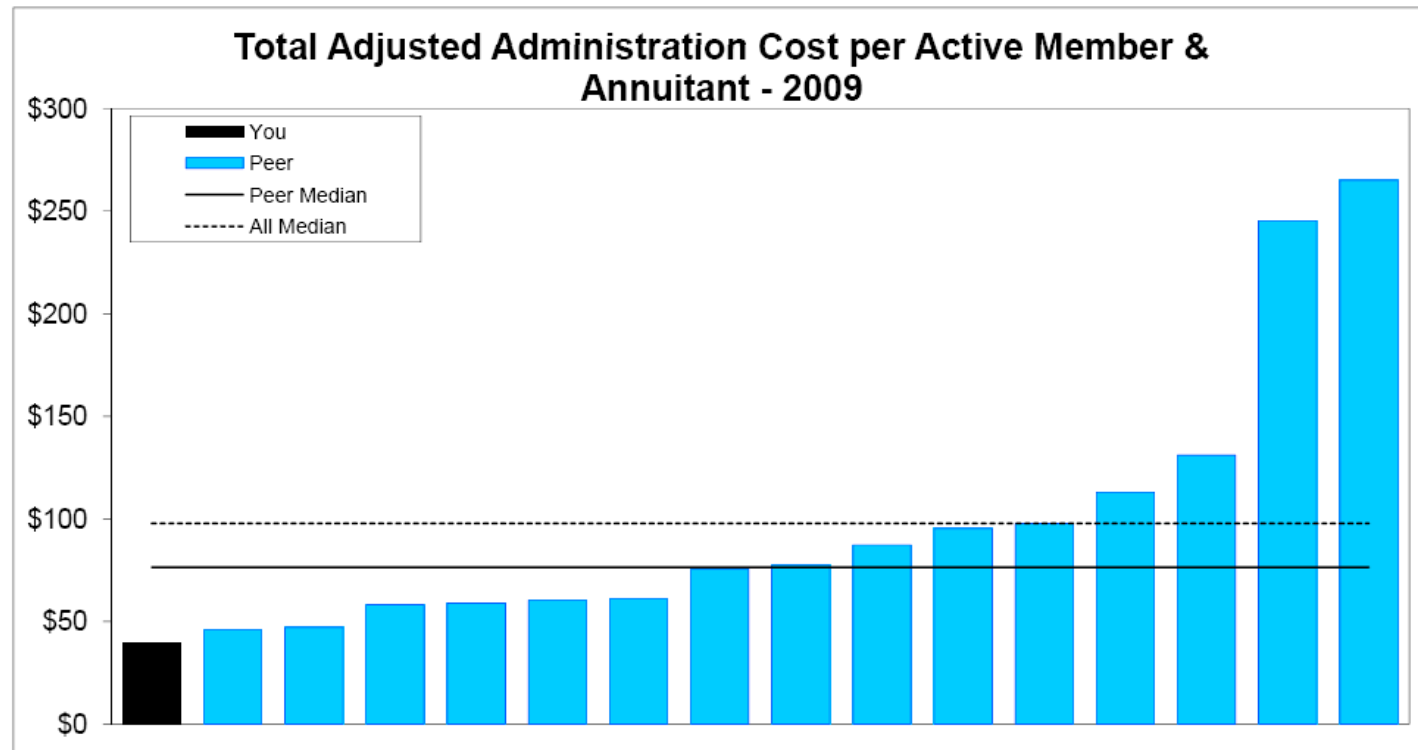
Current Market Value



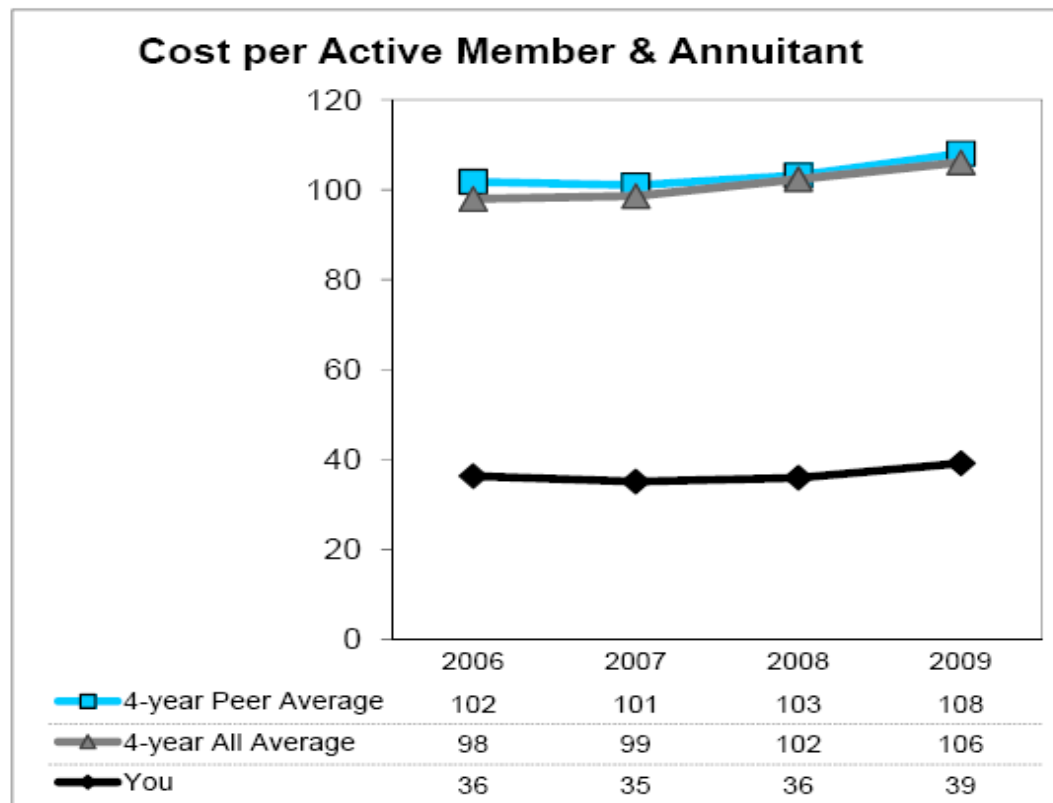
*IPERS' current portfolio market value
(unaudited), is \$22.3 billion,
up from \$19.5 billion
as of 2010 fiscal year-end.*

Administration Performance

IPERS consistently ranks as low cost compared to its peers, as rated annually by CEM Benchmarking, Inc.



Consistent Low Cost



FY12 Budget Request Summary

- No General Funds are requested.
- IPERS' administrative expenses are paid by the IPERS' Trust Fund.
- No increase for IPERS' internal operations.
- IPERS is in the final year of payments for its I-Que technology upgrade.
- \$500,000 matching grant awarded by the Iowa Office of Energy Independence to perform energy management facility improvements.
- FY2012 budget request remains the same as the FY2011 budget.

Service Categories

Investment Management (Oversee investments and investment policy)	\$1,028,313
Retirement Services (Benefits and disability services)	\$3,352,730
Member Services (Benefit education and estimates; retirement counseling)	\$2,827,862
Employer Relations & Data Management (Employer training; compliance reviews; employer reporting)	\$1,360,373
Governance, Plan Design & Financial Control (Legal, internal and external auditing, financial administration)	\$2,142,319
Facilities Maintenance and Improvement (Includes OEI grant matching funds)	\$2,772,891
IPERS Quest for Excellence (I-Que) Project (Pension administration system)	\$4,202,480

Budget Request Comparison

Total FY12 appropriation request	\$17,686,968
FY11 appropriation	<u>\$17,686,968</u>
Increase/ (Decrease) from FY11 appropriation	\$0

Total Full-time Employees	90.13
Increase/ (Decrease) from FY11 appropriation	0

Contact Us

The purpose of this presentation is to provide a brief overview of IPERS. For additional information, feel free to contact us or visit our website at www.ipers.org

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